

# WHAT IS RECAPTURE ?

- Recapture is a term that describes the amount of local property tax revenue that is recovered from certain school districts for redistribution under the Foundation School Program (FSP).
- The purpose of recapture is to reduce the effects of the variation in the taxable value of property among school districts.
- School districts with property value per weighted student that exceeds statutorily determined levels, known as equalized wealth levels (EWL), are required to exercise one or more of five options to reduce wealth per weighted student to the statutory level.
- The options that districts have historically used to comply with statute include sending a portion of locally collected property tax revenue either to the state, known as Option 3, or to partner school districts, known as Option 4.
- The amount paid to the state under Option 3 or to a partner district under Option 4 is commonly called recapture.
- Recapture paid to the state under Option 3 is used solely as a method of financing the state appropriation for the FSP.
- For the 2016–17 biennium, recapture is currently projected to exceed \$3 billion.

Recapture was enacted by the 73<sup>rd</sup> Legislature in 1993. Since 2007, statute has included separate equalized wealth levels that apply to different portions of the FSP operations funding structure. For the portion of local maintenance and operations (M&O) tax rates equalized through Tier 1 of the FSP —rates up to \$1.00— district property value per weighted student is currently limited to \$514,000. The next six pennies of a district's M&O rate, commonly known as "golden pennies", are equalized through FSP Tier 2 at a yield equal to that of Austin ISD and are not subject to recapture. The remaining portion of a district's M&O tax rate, known as "copper pennies", is equalized through FSP Tier 2 at a \$31.95 guarantee level and is subject to recapture at an equalized wealth level of \$319,500. However, some districts that have property value greater than \$319,500 per weighted student do not owe recapture because they do not levy any pennies equalized at \$31.95. When a district's property value per weighted student exceeds one of the EWLs, the district is said to be "subject to wealth equalization" or "subject to recapture". Wealth equalization provisions are codified in Chapter 41, Education Code, and districts that pay recapture are sometimes called "Chapter 41 districts".

Historical information is provided below concerning changes in the equalized wealth level, the amount of recapture, the proportion of local and total maintenance and operations (M&O) revenue recaptured, and the number of districts paying recapture . All information for



## HISTORICAL INFORMATION

Fiscal Year	Equalized Wealth Levels (EWL)		Recapture Amount	Recapture as % of		Number of Districts Paying Recapture		
	Equalized Wealth Level 1	EWL for Tier 2 Equalized at \$31.95 (copper pennies)		Local M&O Revenue	Total M&O Revenue	Equalized Wealth Level 1**	\$319,500 Copper Penny Only***	Total
			Total Recapture Paid (in millions)					
1994	\$280,000		\$131.5	~2%	~1%	34		34
1995	\$280,000		\$259.7			58		58
1996	\$280,000		\$265.5			66		66
1997	\$280,000		\$209.3			50		50
1998	\$280,000		\$244.9			52		52
1999	\$280,000		\$479.1			81		81
2000	\$295,000		\$466.5			67		67
2001	\$295,000		\$530.2			73		73
2002	\$300,000		\$761.0	6%	3%	89		89
2003	\$305,000		\$971.5	7%	4%	111		111
2004	\$305,000		\$1,075.6	7%	4%	125		125
2005	\$305,000		\$1,114.3	7%	4%	128		128
2006	\$305,000		\$1,305.5	7%	5%	142		142
2007	\$319,500	\$319,500	\$1,426.5	8%	5%	150	0	150
2008	\$364,500	\$319,500	\$1,140.4	7%	4%	163	15	178
2009	\$374,200	\$319,500	\$1,463.5	9%	4%	182	9	191
2010	\$476,500	\$319,500	\$1,051.2	6%	3%	152	49	201
2011	\$476,500	\$319,500	\$1,043.8	6%	3%	162	51	213
2012	\$476,500	\$319,500	\$1,086.8	6%	3%	168	54	222
2013	\$476,500	\$319,500	\$1,068.4	6%	3%	152	64	216
2014	\$495,000	\$319,500	\$1,212.8	6%	3%	150	76	226
2015	\$504,000	\$319,500	\$1,492.6	7%	4%	158	83	241
2016*	\$514,000	\$319,500	\$1,584.7	7%	4%	169	73	242
2017*	\$514,000	\$319,500	\$2,022.2	9%	5%	164	85	249

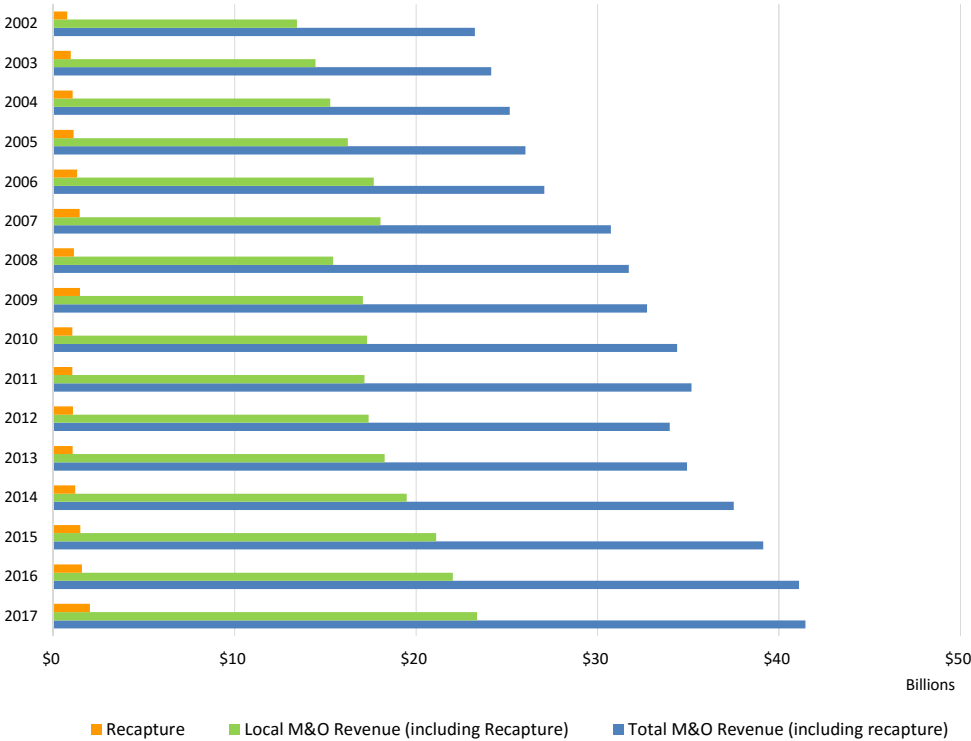
\* FY16 and FY17 are Estimated

\*\* Typically about 60 districts in this group also pay "copper penny" recapture

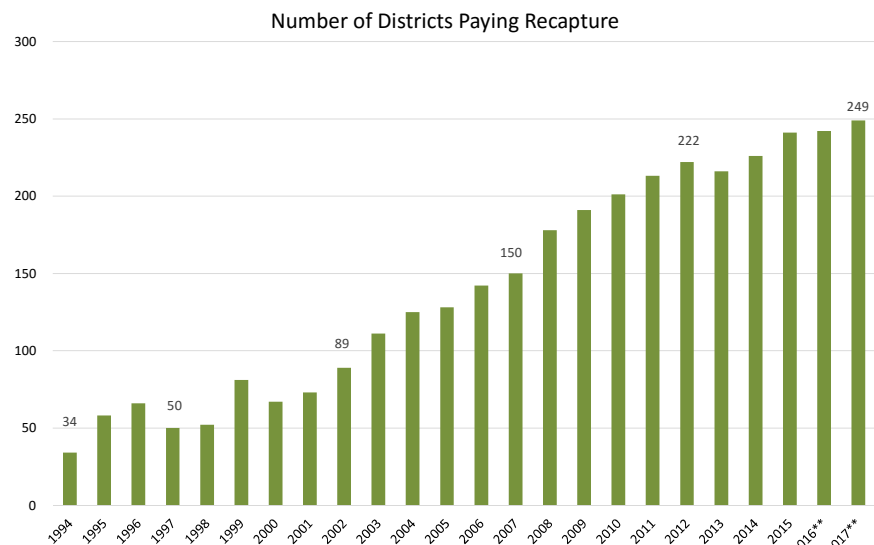
\*\*\* This count excludes districts that exceed the \$319,500 EWL but owe no recapture because they do not levy pennies equalized at \$31.95.

## HOW MUCH REVENUE IS REDISTRIBUTED VIA RECAPTURE ?

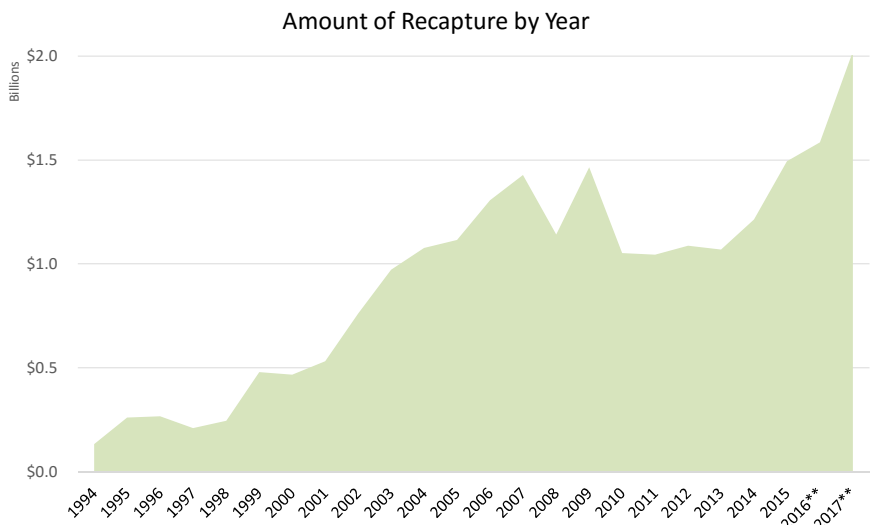
Recapture in Relation to Local Revenue and Total Revenue



# HOW MANY DISTRICTS PAY RECAPTURE ?



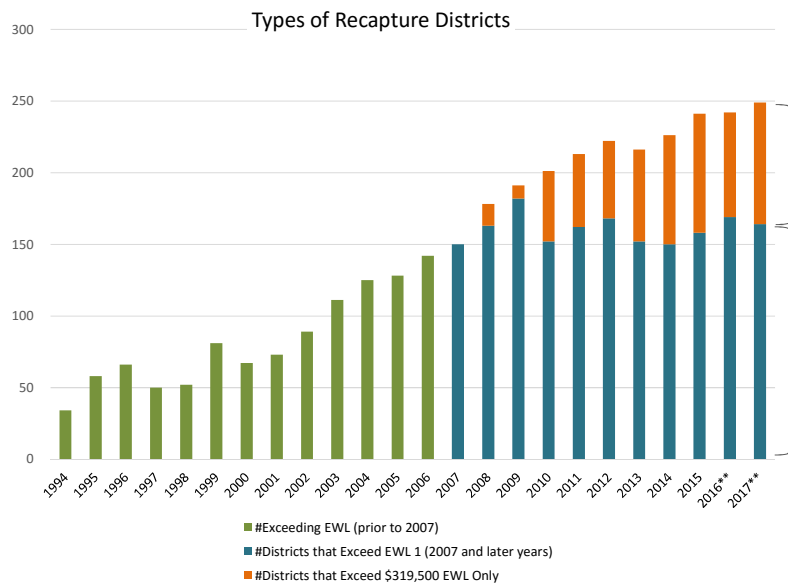
# AMOUNT OF RECAPTURE



## ANALYSIS

**DISTRICTS EXCEEDING  
\$319,500 EWL ONLY**

**Account for 86%  
of the INCREASE  
in the Number of Districts  
Paying Recapture  
Since 2008**

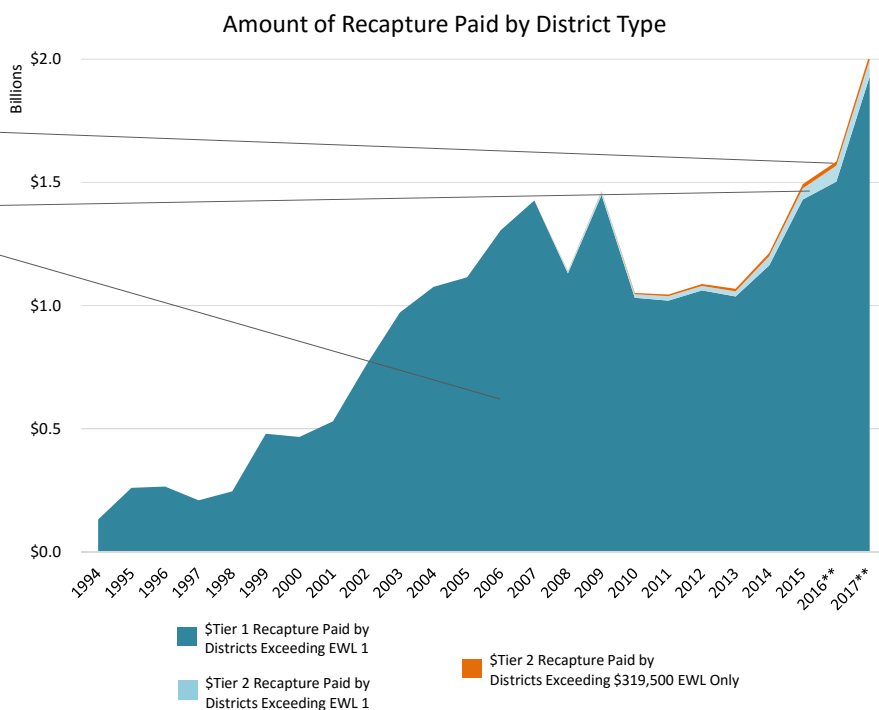


Districts Exceeding \$319,500 EWL Only  
\$ Recapture Paid

Districts Exceeding EWL 1  
\$ Recapture Paid

**99% OF RECAPTURE  
Since 2008**

**was Paid by the  
150 to 170 DISTRICTS  
EXCEEDING EWL1**

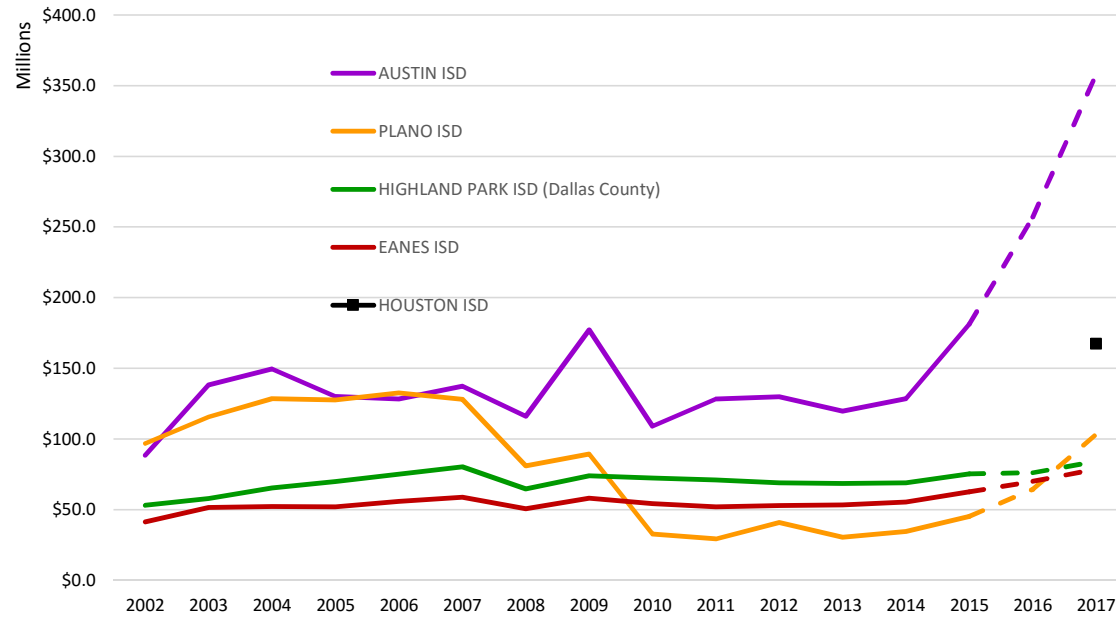


\*\* FY16 and FY17 are Estimated



# LARGE RECAPTURE PAYMENTS

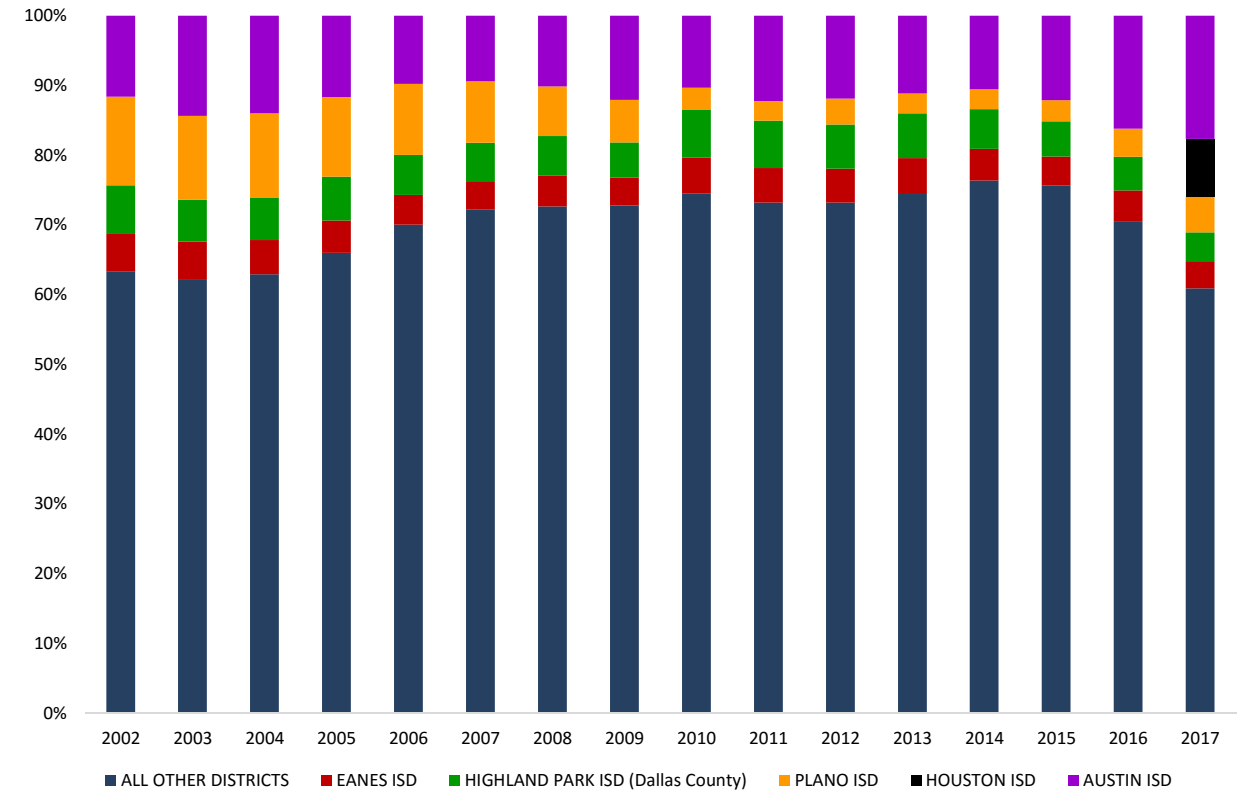
School Districts Experiencing Large Recapture Payment Amounts



FY16 and FY17 are Estimated

School Year 2015-16	Enrollment	Percent Economically Disadvantaged	Percent English Language Learners
Austin ISD	83,648	57%	28%
Eanes ISD	8,075	2%	2%
Highland Park ISD (Dallas County)	7,081	0%	1%
Houston ISD	215,627	76%	29%
Plano ISD	54,570	29%	13%
Statewide	5,299,728	59%	19%

Share of Total Recapture

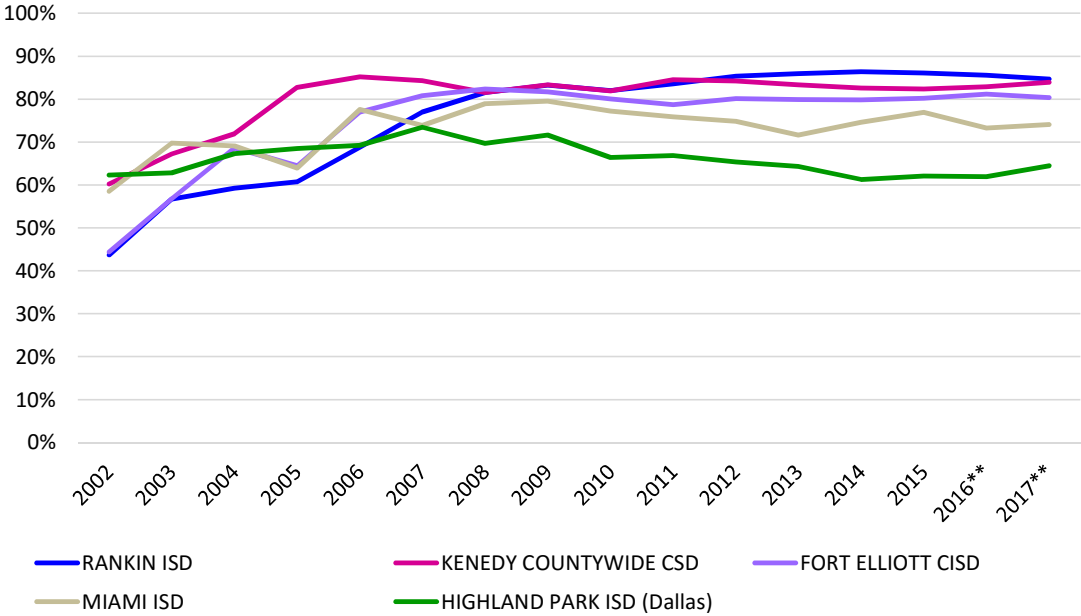


FY16 and FY17 are Estimated



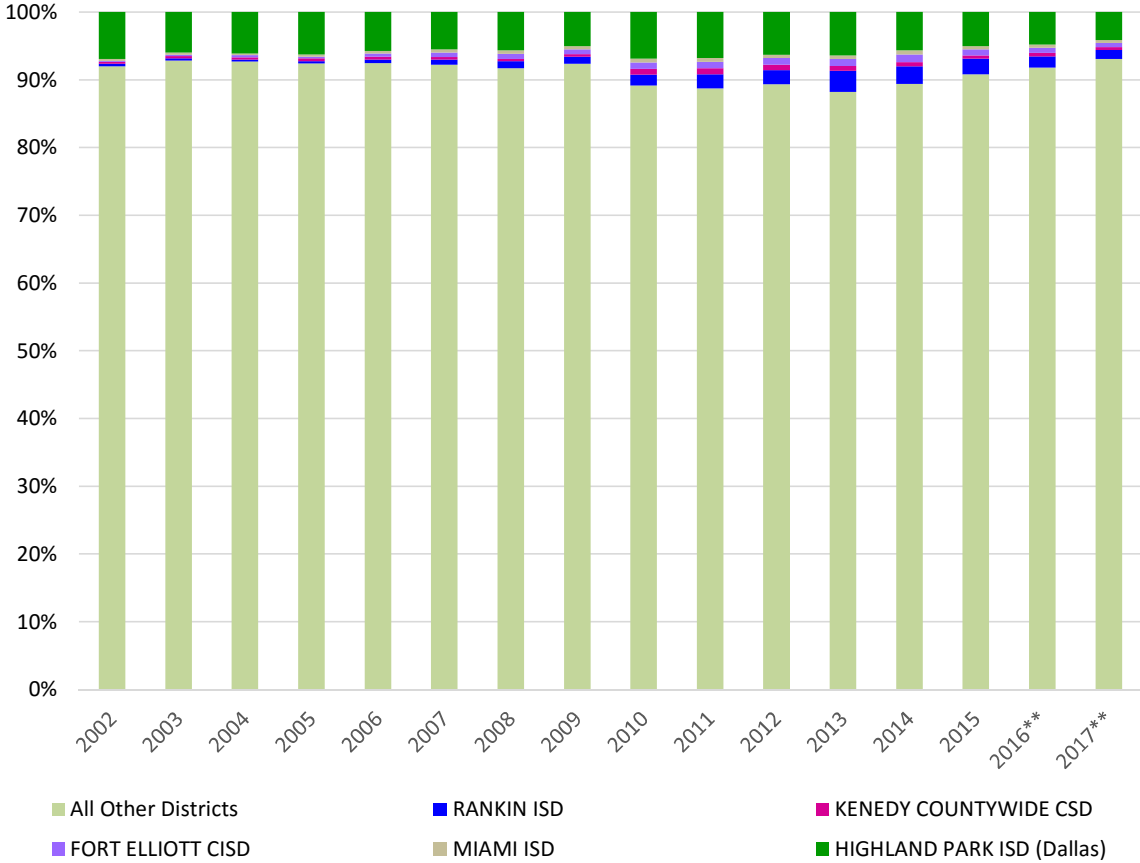
# LARGE PORTION OF LOCAL REVENUE RECAPTURED

Districts with Recapture as High Proportion of Local M&O Revenue



FY16 and FY17 are Estimated

Share of Total Recapture



FY16 and FY17 are Estimated

School Year 2015-16	Enrollment	Percent Economically Disadvantaged	Percent English Language Learners
Fort Elliot CSD	169	18%	0%
Highland Park ISD (Dallas County)	7,081	0%	1%
Kenedy Countywide CSD	76	66%	7%
Miami ISD	213	26%	0%
Rankin ISD	281	48%	5%
Statewide	5,299,728	59%	19%